

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

REVIEW REPORT
OF
ALCOHOL AND TOBACCO COMMISSION
STATE OF INDIANA
April 1, 2003 to February 28, 2005



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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairperson	Ms. Mary DePrez	10-22-02 to 09-07-03
	Mr. John B. Herriman	09-08-03 to 01-09-05
	Mr. David Heath	01-10-05 to 01-11-09



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ALCOHOL AND TOBACCO COMMISSION

We have reviewed the receipts, disbursements, and assets of the Alcohol and Tobacco Commission for the period of April 1, 2003, to February 28, 2005. Alcohol and Tobacco Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Alcohol and Tobacco Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

April 7, 2005

ALCOHOL AND TOBACCO COMMISSION
REVIEW COMMENTS
February 28, 2005

DAILY DEPOSITS

The Alcohol and Tobacco Commission did not consistently deposit receipts received for permits within the following business day.

Indiana Code 5-13-6-1(b) states in part: "... all public funds ... shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

CONTRACT REQUIREMENTS

Records presented for audit indicates that the Alcohol and Tobacco Commission made payments under contracts which had not been signed prior to their effective date. Internal controls are weakened when a contract is put into effect before proper approval.

Indiana Code 4-13-2-14.1 requires that: "... a contract to which a state agency is a party must be approved by the following persons:

- (1) The commissioner of the Indiana Department of Administration.
- (2) The director of the Budget Agency . . .
- (3) The Attorney General . . ."

In addition, Indiana Code 4-13-2-14.2 states: "...a contract to which a state agency is a party must be in writing."

ATTENDANCE REPORTS

We observed that employee attendance reports were not always signed, dated and approved prior to the last day worked.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

ALCOHOL AND TOBACCO COMMISSION
REVIEW COMMENTS
February 28, 2005
(Continued)

FIXED ASSET INVENTORY

The fixed asset inventory of the Alcohol and Tobacco Commission is not complete as to additions. Additionally, an annual physical inventory of assets owned has not been conducted.

Each state agency is required to report to the Auditor of State all additions of assets with a cost of \$20,000 or more. Assets costing more than \$500 but less than \$20,000 must be maintained on an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

SDO ADVANCE

The Special Disbursing Officer Fund (SDO) advance for the Alcohol and Tobacco Commission was not turned over, or reimbursed completely, for several months.

If a SDO advance is not used within one or two months then the SDO advance is too large and should be reduced. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

ALCOHOL AND TOBACCO COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on May 5, 2005, with Mr. David Heath, Chairperson. The official concurred with our findings.